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The real economic threat posed by Corbyn and McDonnell is to jobs

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Jeremy Corbyn and Boris Johnson are both fighting this election promising change. For all the Westminster chatter of voters' desire for security, they are faced with a fork in the road towards two economic destinations very different from today. Brexit, the unleashing of pent up private investment, and ending front-line public service "austerity" is Boris's retail offer. Corbyn's Labour instead demands a revived state socialism, incorporating a range of new interventions and government spending.

After nine-and-a-half-years of Conservative-led government, a fresh economic narrative under Boris was understandable. Yet the difficulty with a vote Leave-style "vote for change, you've got nothing to lose" message is that it downplays that voters do, in fact, still have a lot to lose. For all the talk of economic hardship and insecurity, Britain's labour market, in particular, has performed extraordinarily well through this tough decade. And that incredible jobs miracle is on the line with Corbyn's agenda.

If the Conservatives don't feel they can defend Britain's flexible jobs market, it behoves us economists to do so. For as Sky's economic correspondent Ed Conway tweeted just two months ago, it's "hard to imagine how Britain's labour market could be doing much better right now". Our unemployment rate is just 3.9pc, and recently touched its lowest level since 1974; employment at 76.9pc is just a tad off the highest rate on record. Tory MP Rob Halfon drew opprobrium for trying to rebrand the Conservatives as a "Worker's Party" back in 2014. But on job numbers, at least, they have a strong claim to such a title.

Yes, this doesn't mean there aren't people out there who'd prefer longer hours or more secure work (although critics ignore surveys showing that most people on zero hours contracts are satisfied and happy with their flexibility). It doesn't mean either that Britain's pay performance this past decade, owing to years of slow productivity growth, hasn't been extremely disappointing (although even average weekly earnings are now rising at over double the rate of inflation).

But whatever critiques one might have of Tory policy or the coming impact of Brexit on productivity and wages, basic economics tells us that a country's long-term employment level is not determined by government spending or trade. No, it's determined by structural factors: education and skills, the welfare system, labour market regulation, wage policies, mobility and more. And the truth is that the UK's bundle has delivered a recent jobs creating machine.

We take this for granted at our peril. Chancellor Sajid Javid has pushed ahead with another huge minimum wage hike that will see 22pc of workers now have their hourly pay determined by the Government. His thinking reflects a new conventional wisdom – that low pay is the scourge of our times, now we are near full employment.

To the extent this is true, it's a much better problem to have. But Corbyn's agenda takes complacency that employment is robust to policy change to extremes. Our flexible labour market has coped with rising minimum wages and a weak economy in part through greater use of atypical work contracts and the gig economy, as firms find flexible ways to manage costs and would-be workers seek out new opportunities.

Yet Labour's 2017 manifesto promised to extinguish such employment safety valves. Their "Fair Deal At Work" pledged to ban zero-hours contracts and impose full employment rights irrespective of worker hours or permanence, while ratcheting up the minimum wage further and introducing new sectoral collective bargaining powers for trade unions too.

The dual effect would be devastating for jobs. Raising minimum wages puts cost pressures on firms. Sectoral collective bargaining leaves even less scope for businesses, especially small and medium-sized enterprises, to adjust other wages and labour conditions to their own circumstances. All companies in a sector would have to offer similar terms, dampening remuneration package competition and eliminating the ability for employers to vary pay significantly depending on the productivity of potential hires.

Such policies benefit "insiders" at the expense of those out of work or in looser, more informal or part-time jobs not governed by such bargaining. The latter tends to include younger workers, low-skilled workers and women. But if businesses are also banned from offering flexible work contracts or have little incentive to offer part-time roles due to labour rights obligations, such job opportunities will dry up entirely.

In Spain, which has sectoral collective bargaining and highly regulated labour markets, the unemployment rate today stands at a massive 14.2pc. In fact, almost all major EU countries with high coverage of sectoral bargaining have significantly higher unemployment than the UK, including Belgium (5.6pc), Finland (6.7pc), Portugal (6.6pc), Sweden (7.3pc) and France (8.4pc).

Two countries maintain comparably low unemployment to the UK with sectoral bargaining – Denmark and the Netherlands. But they embrace "hire and fire at will" and high levels of flexible work, respectively. Corbyn opposes both. In short, policy matters. If Corbyn's package reduced our labour market's flexibility to somewhere between the levels of Belgium and France, anywhere between 570,000 and 1.5 million extra people today would be out of work.

Much more will be said about Corbyn's economic agenda and its effects on workers. His industrial policy risks lowering productivity. His large business employee ownership plan would tie workers' fortunes more closely to company survival. His reversal of Margaret Thatcher's trade union reforms could set the stage for a new era of industrial disputes.

But the most dangerous risk of Labour's work agenda is an elevated rate of unemployment. Corbyn's threat to business is well known; his threat to your job is underrated.

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